Cooperative Education Report

Looking for Under Valued Company for Investment in Nepali Capital Market

Submitted by:

Pema Dharpo Gurung

Registration Number: 6508040047

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Title: Looking for undervalued companies for investment in Nepali Capital Market.

Written By: Mr. Pema Dharpo Gurung

Department: Bachelor of Business Administration (Finance & Investment)

Academic Advisor: Mr. Raj Sankrit

We have approved this cooperative education report as partial fulfillment of the cooperative education program semester 2/2025.

Oral Presentation Committee

Raj Sankrit

……………………………………………

(Mr. Raj Sankrit)

Academic Advisor

……………………………………………

(Mrs. Shraddha Pant)

Job Supervisor

Ashutosh Mishra

……………………………………………

(Mr. Ashutosh Mishra)

Cooperative Education Committee

……………………………………………

(Asst. Prof. Maruj Limpawattana, Ph.D.)

Vice- President and Director of Cooperative Education Department

Project Title: Looking for undervalued companies for investment in Nepali Capital Market.

Credits: 5

Author: Mr. Pema Dharpo Gurung

Advisor: Mr. Raj Sankrit

Degree: Bachelor of Business Administration

Major: Finance and Investment

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Abstract

This cooperative education report, titled *"Finding Great Companies for Investment in the Capital Market,"* summarizes my experience as an Investment Analyst Intern at National Capital Limited (NCL). The internship provided practical exposure to equity research, fundamental analysis, portfolio management, trade execution, and capital market operations.

During the internship, I assisted in developing a hydropower sector database, preparing investment research reports, supporting portfolio management activities, executing trades, and processing EDIS settlements. These responsibilities enhanced my understanding of investment decision-making and Nepal's capital market environment.

Overall, the internship strengthened my technical, analytical, and professional skills while allowing me to apply academic knowledge in a real-world setting and further develop my interest in investment management and capital market analysis.

Keywords: Equity Research, Fundamental Analysis, Portfolio Management, Capital Market, Value Investing, Trade Execution, NEPSE.

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Pema Dharpo Gurung

Std. ID: 6508040047

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List of Abbreviation

SWOT: Strength, Weakness, Opportunities, Threats

NCL: National Capital Limited

EDIS: Electronic Delivery Instruction Slip

PE: Price to Equity

PMS: Portfolio Management Services

SIF: Special Investment Fund

RTS: Real Time Settlement

CDSC: Central Depository System and Clearing

SEBON: Securities Board of Nepal

SWP: Systematic Withdrawal Plan

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Chapter 1: Introduction

1.1 Company Profile

National Capital Limited (NCL) is a fully SEBON licensed Merchant Banker which offers Portfolio Management Services, Corporate Advisory Services, Underwriting Services, Issue Management, Depository Participant and RTA/ RTS.

Figure 1: National Capital Logo

1.1.1. History and Evolution of National Capital Limited

National Capital Limited (NCL) traces its origins to Khanal Pradhang Investment Services (KPIS), which was established in 2018 by founders Arpan Khanal and Sumit Pradhanang. The company was built on the investment principles and value-investing philosophy advocated by Warren Buffett and Charlie Munger, with a focus on disciplined, research-driven investment management.

A major milestone in the company's growth occurred in 2023 when National Life Insurance Company Limited acquired a majority stake of 51 percent in KPIS. Following the acquisition, the company was rebranded as National Capital Limited (NCL) and became a subsidiary of National Life Insurance Company Limited.

Today, National Capital Limited operates as a fully SEBON-licensed merchant banker, providing a range of investment management and capital market services. The company continues to follow a long-term, value-oriented investment approach while serving institutional and individual investors in Nepal's capital market.

1.1.2 Vision

To create an institution that manages people's money ethically. To grow the value investment community in Nepal Profitable growth by providing dedicated service to clients

1.1.3 Mission

To help people, families, and organizations create wealth and enhance their financial prosperity.

1.1.4 Core Values

- *Integrity*: We uphold the highest standards of ethics and integrity in everything we do; integrity is non-negotiable.

- *Long-term*
  We operate with a long-term mindset, because enduring quality and meaningful outcomes can only be built over time with patience, consistent effort, and discipline.

- *Compounding*
  We embrace the principle of compounding, not just in investing, but in building lasting value across our work and decisions.

- *Client-Centric Approach*
  We adopt a client-first approach in every decision, believing that prioritizing our clients' best interests drives sustainable, long-term success for our business.

- *Continuous Learning*
  We are committed to continuous learning and knowledge-building, recognizing that growth and excellence in our profession require constant improvement.

- *Result Oriented*

  We strive to deliver exceptional outcomes for our stakeholders through disciplined, intelligent, and focused effort.

1.1.5 Investment Principles

- *Power of Compounding*

The strategy focuses on allowing investments to grow uninterrupted. When capital compounds over long cycles, it transforms disciplined, steady investing into exponential wealth.

- *Margin of Safety*

This is a risk-mitigation principle. By insisting on purchasing assets at prices significantly **below their intrinsic value**, investors can safeguard against downside risks and preserve capital across various market cycles.

- *Long-Term Orientation*

Success is built by **embracing time, not timing the market**. Capital is allocated to businesses capable of delivering superior, sustainable returns over extended periods rather than seeking short-term gains.

- *Ownership Mindset*

Equities are not just ticker symbols; they represent **fractional ownership** in real companies with real cash flows. Decisions are grounded in business fundamentals and the physical reality of the company, rather than "market noise" or social trends.

- *Competitive Advantage*

The focus is on companies with **defensible economic moats**. These businesses operate in attractive industries and are led by ambitious, high-integrity management teams, allowing them to consistently compound their intrinsic value.

- *Circle of Competence*

Investment is restricted to areas where understanding is deep and conviction is strong. While knowledge should constantly expand, capital is never deployed outside of one's specific domain of expertise.

1.1.6 Service Portfolio

A. Investment Management Services

Investment Management Services involve managing clients' funds by selecting, monitoring, and adjusting investment portfolios to achieve their financial objectives while balancing risk and return.

These services include investment research, portfolio construction, asset allocation, and ongoing performance monitoring to maximize long-term wealth creation.

- *Wealth Compounding Portfolio*: Our Wealth Compounding Portfolio is designed for individuals, families, and institutions with significant capital who seek disciplined, long-term growth. Through a research-driven approach and personalized strategies, we help you preserve and compound wealth over time, ensuring financial security and prosperity.

- *SIP Portfolio*

Designed for young professionals, our SIP Portfolio lets you begin your investment journey with a modest amount and build wealth through disciplined, recurring monthly contributions. It's the perfect way to create a growing corpus while staying aligned with long-term financial goals.

- *SWP Portfolio*

Ideal for retirees or those nearing retirement, our SWP Portfolio helps you grow your wealth while ensuring regular withdrawals to meet daily needs. Enjoy financial stability and peace of mind with a strategy designed for both income and long-term growth.

- *Global Nepali Wealth Portfolio*

Our Global Nepali Wealth Portfolio is tailored for Nepalis living abroad who want their funds in Nepal professionally managed, whether for themselves or for their family. Enjoy transparent, ethical, and result-oriented management while staying connected to your financial goals from anywhere in the world.

- *Corporate Employee Investment Program*

Corporate Employees Investment Program (CEIP) is a corporate-backed investment initiative that makes long-term wealth creation accessible and effortless for employees. For organizations enrolled in the program, CEIP empowers organizations to offer their teams a simple, disciplined way to build long-term wealth.

B. Merchant Banking Services

Merchant banking services help individuals and companies with investment-related activities such as portfolio management, issue management, underwriting, and financial advisory services.

They act as intermediaries in the capital market, helping clients raise funds, manage investments, and make informed financial decisions.

- *Demat Services*

We facilitate secure and efficient electronic storage of securities through Demat accounts. As a registered Depository Participant (DP), we ensure compliance with SEBON and CDSC standards.

Service includes:

- Demat account opening and maintenance

- Electronic share transfers and settlements
- Investor support and portfolio tracking
- Integration with Mero Share and trading platforms

- *RTA/RTS*

We provide efficient management of shareholder records and corporate actions, ensuring accuracy, transparency, and compliance with SEBON and CDSC standards.

Key Service Includes:

- Maintenance of shareholder registers
- Dividend distribution and corporate action support
- Shareholder communication and regulatory reporting

- *Underwriting*

We offer underwriting services to ensure successful capital raising by committing to purchase any unsubscribed portion of securities. This mitigates risk for issuers and boosts investor confidence.

Key Services includes:

- Integration with Mero Share and trading platforms
- Risk absorption for under-subscription
- Regulatory assurance and pricing support

- *Corporate Advisory*

Our advisory team provides strategic financial guidance to help businesses grow, restructure, or raise capital. We support clients through mergers & acquisitions, valuations, loan syndication, and business planning.

Services Includes:

- M&A advisory and deal structuring
- Business and asset valuation
- Capital raising (equity/debt)
- Loan syndication and feasibility studies

- *Issue Management*

Our Issue Management services provide end-to-end support for companies raising capital through public or rights issues. We guide clients through the regulatory process, coordinate with underwriters and registrars, and ensure a smooth issuance process that builds investor confidence.

Services Includes:

- Management of public, rights, and private placement issues
- Coordination with SEBON and other regulatory authorities
- Drafting and submission of offer documents and prospectuses
- Oversight of issue timelines, allotment, and listing process

1.2 Organizational Structure

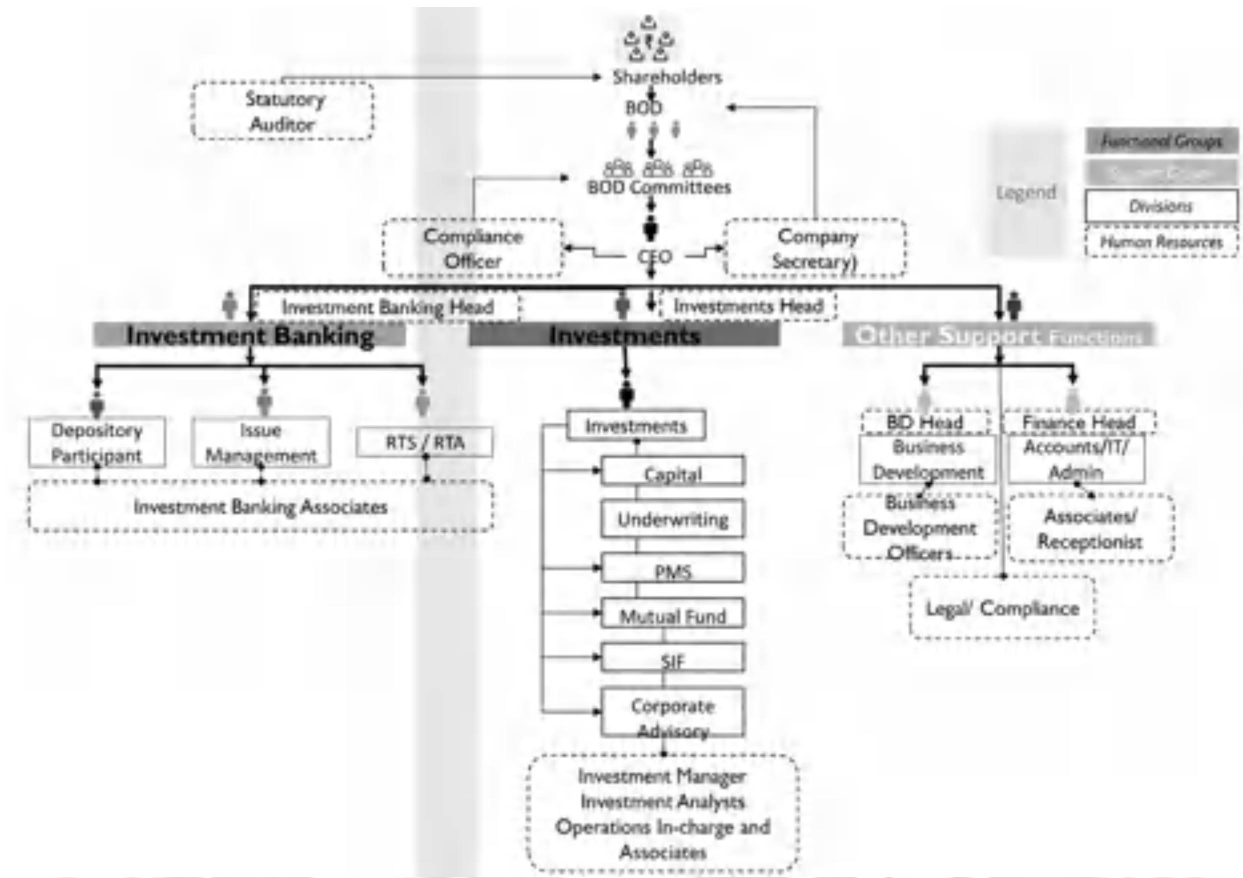
The organizational structure at National Capital Limited can help us understand how different departments function together to drive brand growth, maintain operational efficiency, and strengthen market leadership.

The company follows a structured hierarchy that supports inter departmental functioning between Marketing, Finance, Operation, and Human Resources.

This chapter outlines the company's organizational structure and details about my position as a Investment Analyst Intern into this framework.

1.2.1 Diagram of Organizational Structure

Figure 2: Organizational Structure of NCL



The departments have their own distinct roles. They work together and support one another which ensures the smooth operations and production of the company.

Board of Director

Figure 3: Board of Director

Management Team

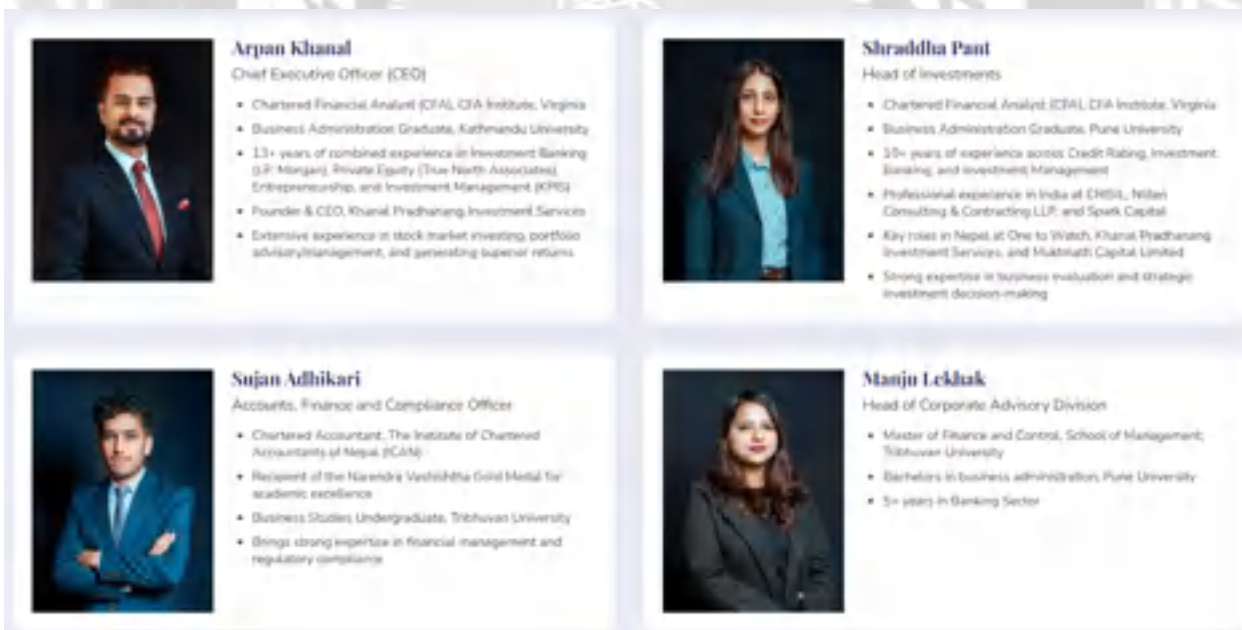


Figure 4: Management Team

1.2.2 My Job Position and Responsibilities

During my internship at NCL, I contributed as an Investment Analyst Intern. My responsibilities involved supporting the Investment team in building database of different companies in hydropower sectors.

I also helped to prepare the thesis of a few companies through equity research including research, documentation, and presentation.

I also worked in portfolio management service sections where I handled the buy and sell of a few clients. I learned to use the system that the company are using to handle the portfolio of different clients.

I made trade for different clients in order to include new stocks for the portfolio while decreasing the weightage of stocks where the company already made enough capital gain.

This includes using A-Trade for the trade execution and doing EDIS the next day for calculation of WACC, holding period, and transfer of the shares on time.

These responsibilities allowed me to gain practical exposure to research, thesis preparation, and execution of the trade for portfolio management.

1.3 My Intention and Motivation to Choose This Company

I chose NCL for my Co-Op Studies Workplace because it aligned with my goal of gaining practical experience in a capital market in Nepal. It offered me a platform to apply my academic learning while developing skills that are critical for a future career in Investment and Capital Market.

Joining NCL as my Co-Op Studies Workplace was a deliberate decision, shaped by my interests and long-term career aspirations. NCL as an emerging investment company of Nepal, offered a practical learning environment and exposure to a fresher like me.

Also, National Life Insurance Limited’s recent acquisition of NCL making it subsidiary company provided opportunity to know closely about insurance company as well.

This exposure was important from the learning point of view as I got to understand with hands-on experience about the Investment and Capital Market’s operational framework and regulatory landscape.

1.4 Strategic Analysis of the Company

To understand NCL's position in the industry and identify its areas for improvement or opportunity, a SWOT Analysis was conducted with help of online available information and some senior employees in the office. This strategic analysis tool helps to analyze internal strengths and weaknesses, along with external opportunities and threats influencing the company's operations and future strategy.

SWOT Analysis of National Capital Limited.

STRENGTH	**WEAKNESS**	**OPPORTUNITIES**	**THREATS**
SEBON license & trust Diverse revenue streams Experienced management Growing client base	Smaller operational scale High market dependency Limited geography Low product innovation Skilled staff shortage	More retail investors New IPOs & bonds Digital onboarding Rising financial literacy Supportive regulation	Strict SEBON rules Intense competition High market volatility Economic instability Fintech disruption

Table 1: SWOT Analysis

1.5 Objectives of this Co-Operative Studies

This report is a detailed reflection of my experiential learning as an Investment Analyst Intern at National Capital Limited, undertaken as part of my internship studies. The purpose of this report is both academic and professional. It has allowed me to document the practical application of my academic learning with hands-on experience in investment analysis, capital market operations, and financial research within a leading merchant banking and investment management company in Nepal.

The main objectives of this internship study are:

A. *To apply academic knowledge and gain practical exposure to the financial industry:* I was able to apply classroom concepts related to financial management, investment analysis, portfolio management, and capital markets into practical industry operations by engaging directly in research and analytical activities.

B. *To understand the investment analysis and merchant banking functions within a financial institution:* By supporting the team in market research, financial analysis, report preparation, and investment-related activities, I gained insights into how investment decisions are evaluated and how merchant banking operations contribute to the growth of the capital market.

C. *To develop professional competencies and workplace readiness:* Through responsibilities such as data analysis, report preparation, financial modeling, and coordination with team members, I enhanced my skills in analytical thinking, communication, attention to detail, and professionalism, all of which are essential for my future career growth in finance and investment.

D. *To contribute meaningfully to the organization's objectives:* My role as an intern in supporting research, analysis, and documentation activities allowed me to make a professional contribution while observing how investment and financial advisory services support informed decision-making and efficient business operations.

Chapter 2: Co-Op Study Activities

Cooperative education is a program that combines classroom learning with practical work experience in a real workplace.

It helps students apply academic knowledge in practice while developing professional skills and industry experience.

2.1 My Job Description

During my internship at National Capital Limited (NCL), I served in an entry-level position as an Investment Analyst Intern under the Investment Department. My primary role was to assist the investment team in equity research, database construction, portfolio management, and trade execution. The position provided hands-on exposure to the full investment cycle – from identifying potential companies and conducting fundamental analysis to executing buy and sell orders for client portfolios – offering valuable practical insights into how research-driven investment decisions are made in a professional capital market environment.

2.2 My Job Responsibilities

My key responsibilities as an intern in the Investment Department at NCL were quite diverse, providing me with broad exposure to both the research and operational sides of investment management. The key responsibilities were:

A. *Equity Research and Database Building:*

- Built and maintained a comprehensive database of companies in the hydropower sector, compiling key financial metrics, ownership structures, and operational highlights.
- Gathered and organized historical financial data, annual reports, and industry information to support the team's investment research process.
- Verified and cross-referenced data from multiple sources including SEBON disclosures, NEPSE filings, and company annual reports.

B. *Investment Thesis Preparation:*

- Assisted in preparing detailed equity research reports and investment theses for selected companies, covering financial analysis, valuation, competitive positioning, and investment rationale.
- Supported the team in documenting research findings in a structured format suitable for client presentations and internal decision-making.
- Reviewed and incorporated feedback from senior analysts to improve the quality and depth of research output.

C. *Portfolio Management Support:*

- Worked in the Portfolio Management Service (PMS) section, handling buy and sell orders for client portfolios under guidance of senior team members.
- Used the company's internal systems to monitor portfolio performance, track holdings, and identify opportunities to rebalance positions.
- Executed trades through A-Trade for selected clients, adding new stocks to portfolios while reducing exposure to positions where sufficient capital gains had already been realized.

D. *Trade Settlement and EDIS Processing:*

- Conducted EDIS (Electronic Delivery Instruction Slip) processing on the day following trade execution to ensure accurate settlement of securities.
- Calculated Weighted Average Cost of Capital (WACC) and holding periods to ensure accurate and timely settlement of shares for clients.
- Maintained records of all trade and settlement activities for compliance and audit purposes.

2.3. Activities in Coordinating with Co-Workers

Throughout my internship at National Capital Limited (NCL), collaboration and coordination with co-workers played a vital role in my daily activities. I actively supported the team in maintaining accuracy in investment research, portfolio updates, and trade execution processes. Effective communication within the team allowed for seamless coordination during tasks such as equity analysis, database updates, and client portfolio reviews.

I worked closely with investment analysts and portfolio managers, coordinating with senior analysts for equity research reviews and thesis feedback, with the portfolio management team for trade execution guidance, and with the operations team for EDIS processing and settlement queries. I actively participated in internal discussions and team meetings where investment ideas were reviewed and refined.

Toward the later phase of my internship, I took initiative to finalize sector-level research summaries and contributed to preparing presentation materials. Collaborating in such a structured and professional environment enhanced my interpersonal skills, teamwork abilities, and understanding of workplace coordination within a financial organization.

2.4. Job Process Diagram

Below is a step-by-step breakdown of my key job responsibilities and the associated workflows:

A. Equity *Research and Database Building Process:*

- Identify target sectors and companies for research coverage based on team guidance.
- Collect financial data from annual reports, SEBON filings, and Nepal Stock Exchange disclosures.
- Organize data into structured company databases covering revenue, earnings, ownership, and key ratios.
- Update the database periodically as new financial information becomes available.
- Share updated databases with senior analysts for review and research use.

B. *Investment Thesis Preparation Workflow:*

- Select companies from the research database based on team guidance and investment criteria.
- Conduct fundamental analysis including revenue trends, profitability ratios, and comparative valuation.
- Prepare a structured investment thesis covering business overview, financial performance, competitive positioning, risks, and investment rationale.
- Submit a draft thesis to senior team members for review and incorporate feedback.
- Finalize and archive thesis documents for client presentations and internal reference.

C. *Portfolio Management and Trade Execution Workflow:*

- Review client portfolio holdings and performance data using the internal PMS system.
- Identify trade opportunities based on research insights and portfolio rebalancing needs.
- Execute buy or sell orders through A-Trade platform under supervision of senior portfolio managers.
- Log trade details including price, quantity, and rationale for each transaction.
- Communicate trade outcomes and portfolio updates to the relevant team members.

D. *EDIS and Settlement Workflow:*

- Identify all trades executed the previous day that require settlement.
- Process Electronic Delivery Instruction Slips (EDIS) for the transfer of securities.
- Calculate WACC and holding periods for each position to ensure accurate cost basis tracking.
- Verify settlement details and coordinate with the operations team for any discrepancies.
- Maintain settlement records for compliance and audit purposes.

2.5. Contributions as a Co-Op Student in the Company

As an intern, my primary contribution was serving as an effective support function to enhance the operational efficiency of the Investment team. My work on the hydropower sector database provided the research team with a reliable, structured foundation for making informed investment decisions. The equity research theses I assisted in preparing contributed to the team's analytical output and supported client portfolio discussions.

In the portfolio management section, my contributions to trade execution and EDIS processing helped ensure smooth daily operations. By handling buy and sell orders accurately and completing settlement tasks on time, I supported the team in maintaining portfolio accuracy and client satisfaction. These contributions not only enhanced the workflow within the investment team but also allowed me to gain a deeper understanding of how research and portfolio management work in tandem within a professional investment firm. Overall, my position provided reliable, day-to-day support, directly contributing to the department's goal of delivering quality investment management services at NCL.

Chapter 3: Learning Process

As an intern I got the opportunity to work on a specific problem of the company which is a database for hydropower companies.

National Capital had been very active in hydropower sectors but due to lack of standardized database, they missed lots of arbitrage and opportunity.

3.1 Problems/Issues of the Company

During my internship at National Capital, I encountered a significant operational challenge within the investment research and stock analysis process, particularly in the hydropower sector.

3.1.1. Problem Statement

The investment research process at National Capital lacked a structured and centralized database for hydropower companies listed in the Nepal Stock Exchange (NEPSE), creating inefficiencies in identifying and categorizing investment opportunities within one of Nepal's fastest-growing sectors.

3.1.2. Major Problems Identified

A. *Absence of a Structured Hydropower Database*: National Capital had no dedicated database that categorized hydropower companies according to defined investment screening criteria such as Rejection, Checklist, and Deep-Dive. As a result, the research team relied heavily on informal channels — news articles, market rumors, and personal connections — to monitor and evaluate hydropower stocks. This approach was unstructured and inconsistent, leading to missed investment opportunities and delayed decision-making. The lack of a systematic classification system made it difficult to compare companies objectively or track changes in their financial and operational standing over time.

B. *Overdependence on News and Informal Networks*

Without a reliable internal database, analysts were largely dependent on publicly available news and word-of-mouth information from industry contacts to form investment views on hydropower companies. This introduced a significant risk of information asymmetry and recency bias, as decisions were often driven by the most recently available news rather than a thorough fundamental analysis. As an intern, this highlighted to me the gap between reactive information gathering and proactive, data-driven investment research.

C. *Lack of Systematic Screening and Prioritization*

The absence of a classification framework — distinguishing which hydropower companies warranted outright rejection, which required further monitoring through a checklist approach, and which merited a full deep-dive analysis — meant that research effort was distributed inefficiently. Analysts had no standardized method to prioritize companies based on financial health, project stage, regulatory compliance, or growth potential, making it challenging to allocate research resources effectively.

D. *Manual and Fragmented Data Management*

Any company-specific information that was gathered was stored in an ad hoc manner across various individual files and informal notes rather than in a consolidated, accessible system. This fragmentation meant that institutional knowledge was difficult to retrieve and prone to being lost when team members changed, further reducing analytical continuity and research efficiency.

I did data entry and research on different headings such as ownership stake, PPA Terms, Escalation, Project Cost, Commercial Operation Date, Further investment made by the company, and its contracted plant load factor.

E. *Limited Application of Quantitative and Behavioral Analysis*

The existing approach to hydropower stock evaluation did not consistently incorporate structured ratio analysis or considerations of behavioral finance factors such as investor sentiment, herd behavior, or market overreactions. This limited the depth of investment insight generated, particularly for a sector where market narratives often drive short-term price movements significantly.

3.2 Proposed Solutions to the Identified Problems

Based on the challenges I observed and experienced during my internship at National Capital, the following solutions are recommended to strengthen the investment research process, particularly for the hydropower sector:

A. *Development of a Comprehensive Hydropower Database*

National Capital should maintain a centralized, regularly updated database covering all listed hydropower companies on NEPSE. This database should include key financial metrics, project details, licensing status, generation capacity, revenue trends, and regulatory standing. Organizing companies into three clearly defined categories — Rejection, Checklist, and Deep-Dive — would allow analysts to quickly prioritize research effort and ensure that no significant opportunity is overlooked due to information gaps.

B. *Establish a Structured Investment Screening Framework*

A formal, standardized screening process should be implemented for categorizing hydropower companies. Defined quantitative and qualitative criteria for each classification tier would ensure consistency and reduce reliance on subjective judgment or informal information. This framework would also make the screening process more transparent and auditable, improving accountability within the research team.

C. *Reduce Dependency on News and Informal Sources*

National Capital should invest in data subscriptions and analytical tools that provide structured, real-time financial and operational data on listed companies. Supplementing this with regular engagement with NEPSE disclosures, annual reports, and regulatory filings would reduce the organization's reliance on secondhand information and improve the quality and reliability of investment decisions.

D. *Institutionalize Data Entry and Knowledge Management Practices*

A standardized data entry protocol should be established so that research findings are systematically recorded and stored in a shared, accessible format. This would preserve institutional knowledge, enable historical comparisons, and ensure that multiple team members can build on prior research rather than duplicating effort or starting from scratch.

E. *Integrate Ratio Analysis and Behavioral Finance into the Research Process*

Incorporating structured financial ratio analysis — covering liquidity, profitability, leverage, and efficiency ratios — alongside an awareness of behavioral finance dynamics such as herd behavior, loss aversion, and sentiment-driven mispricing would significantly enhance the depth and quality of investment analysis. This approach would support more informed, evidence-based recommendations and help identify opportunities that the broader market may be overlooking due to irrational sentiment.

3.3 Recommendations to the Company

Based on the identified challenges and proposed solutions, the following recommendations are suggested to enhance the research quality, operational efficiency, and investment decision-making at National Capital:

A. *Maintain and Continuously Update the Hydropower Database*

The hydropower database built during my internship should be treated as a living document, updated regularly with new financial disclosures, project developments, and regulatory changes. Assigning a dedicated responsibility for database maintenance within the research team would ensure its long-term utility and relevance.

B. *Adopt a Tiered Investment Research Workflow*

Formalizing the Rejection, Checklist, and Deep-Dive classification system as a standard research workflow would create consistency across the team. Clear criteria and periodic review cycles for reclassification would ensure that the investment universe is assessed dynamically and in line with evolving market conditions.

C. *Promote a Culture of Data-Driven Decision-Making*

National Capital should prioritize analytical rigor over anecdotal insights by encouraging the use of financial models, ratio analysis, and structured research frameworks in day-to-day investment activities. Training sessions and internal knowledge-sharing on quantitative analysis tools would support this cultural shift.

D. *Leverage Behavioral Finance Insights in Market Analysis*

Understanding investor behavior — including how sentiment, cognitive biases, and herd mentality influence stock prices in Nepal's relatively nascent capital market — should be integrated into the research process. This would give National Capital a differentiated analytical edge, particularly in identifying mis-pricings driven by irrational market behavior.

E. *Structure the Internship and Analyst Onboarding Process*

Future interns and analysts should be provided with a clear research framework, access to existing databases, and guidance on the company's investment philosophy from the outset. A structured onboarding process would reduce the initial learning curve and allow new team members to contribute meaningfully from an earlier stage.

3.4 Learning Outcome from the Co-Op Studies

My internship at National Capital provided me with comprehensive, practical insights into investment research within the context of Nepal's capital market. The experience bridged the gap between academic study and the realities of professional financial analysis, exposing me to the complexities of equity research in an emerging market setting.

My key learnings include the understanding of:

- How to construct and maintain a structured investment database, and why systematic categorization of investment opportunities is critical for research efficiency.
- The practical application of financial ratio analysis — including liquidity, profitability, and leverage ratios — to evaluate companies across different industries and stages of development.
- What behavioral finance concepts such as herd behavior, anchoring, and sentiment bias manifest in the Nepalese stock market, and how awareness of these dynamics can inform better investment decisions.
- The fundamentals of business modelling and thesis preparation, including how to articulate a coherent investment case for companies across diverse sectors beyond hydropower.

- The importance of moving from reactive, news-driven analysis to proactive, data-driven research in a competitive investment environment.
- How the hydropower sector specifically functions within Nepal's economy — including project lifecycle stages, regulatory frameworks, and the key financial and operational drivers of value — and why it represents a strategically significant area of the NEPSE universe.

Overall, this co-op experience allowed me to translate academic knowledge into practical analytical skills, develop a disciplined approach to investment research, and deepen my understanding of how financial analysis contributes to informed capital allocation decisions.

3.5 Application of the Knowledge from Coursework to the Real Working Situation

During my internship at National Capital as a Business Analyst, I was able to directly apply theoretical concepts from my academic coursework to real-world investment research activities. My studies provided a solid foundation across finance, economics, and business management, each of which proved relevant in different aspects of my internship responsibilities.

Knowledge from Financial Accounting and Financial Statement Analysis was directly applied when conducting ratio analysis on hydropower and other listed companies. Understanding how to interpret balance sheets, income statements, and cash flow statements allowed me to assess a company's financial health and identify red flags or strengths that informed its classification in the investment database.

Coursework in Investment Analysis and Portfolio Management provided the conceptual framework for understanding how equity research supports investment decision-making and how individual stock analysis fits within a broader portfolio construction context. This helped me appreciate the strategic purpose behind the database I was building and the importance of consistent screening criteria.

My exposure to Behavioral Finance through coursework proved particularly insightful when observing how news and informal connections were driving investment decisions at the firm before systematic processes were introduced. Recognizing patterns of herd behavior and sentiment-driven trading in the Nepalese market allowed me to contextualize why a structured, evidence-based approach adds meaningful value.

Subjects such as Business Research Methods and Statistics supported the data collection and manual research process involved in building the hydropower database, ensuring the information compiled was structured, accurate, and analytically useful.

Overall, my coursework gave me the analytical tools, financial literacy, and research methodology required to contribute meaningfully during my internship. Applying these learnings at National Capital deepened my appreciation for how academic frameworks translate into practical investment practice and reinforced my interest in pursuing a career in equity research and capital markets.

3.6 Special Skills and New Knowledge Gained

During my internship at National Capital as a Business Analyst, I gained hands-on experience in equity research and financial analysis within Nepal's capital market. The experience equipped me with both technical competencies and professional skills that will be valuable in my future career.

3.6.1 Technical Skills Learned:

- *Investment Database Construction*: I developed the ability to design and populate a structured investment database from scratch, covering more than 100 hydropower companies. This involved defining data fields, establishing classification criteria (Rejection, Checklist, Deep-Dive), and conducting manual research to gather company-specific information across financial, operational, and regulatory dimensions.

- *Financial Ratio Analysis*: I strengthened my ability to compute and interpret a wide range of financial ratios — including current ratio, debt-to-equity, return on equity, and earnings per share — to assess company performance and compare investment prospects across sectors.

- *Business Modelling and Thesis Preparation:* I gained practical exposure to building investment thesis for companies across different industries, learning how to structure a coherent argument supported by quantitative data and qualitative insight. This included understanding revenue drivers, cost structures, competitive positioning, and growth outlook.

- *Sector Research — Hydropower:* I developed specialized knowledge of Nepal's hydropower sector, including an understanding of project development stages, power purchase agreements, regulatory requirements, and the key financial metrics used to evaluate companies in this space.
- *Behavioral Finance Application*: I learned to identify and account for behavioral biases — such as herd mentality, overconfidence, and anchoring — when interpreting market movements and investor sentiment, adding a qualitative dimension to the quantitative research process.

3.6.2 Soft Skills Developed:

- *Analytical Thinking:* Evaluating over 100 companies through manual research sharpened my ability to assess information critically, identify patterns, and draw reasoned conclusions under conditions of incomplete data.
- *Attention to Detail:* Maintaining accuracy across a large dataset with multiple data points per company reinforced the importance of precision in financial research, where small errors can lead to significantly flawed conclusions.
- *Self-Initiative and Independent Research*: The nature of the database-building project required me to independently seek out information from annual reports, NEPSE disclosures, news sources, and regulatory filings, developing my capacity for self-directed research.
- *Communication and Reporting:* Presenting research findings and database outputs to senior team members improved my ability to communicate complex financial information clearly and concisely.
- *Adaptability*: Working in a dynamic investment environment where market conditions and priorities shifted frequently required me to remain flexible and adjust my research focus as needed.

Chapter 4: Conclusion

My internship at National Capital equipped me with a practical and well-rounded skill set spanning database management, financial analysis, business modelling, and sector research. These competencies, combined with a stronger understanding of behavioral dynamics in Nepal's capital market, have provided a solid foundation for a career in investment analysis and equity research.

4.1 Summary of My Co-Op Studies at National Capital Limited

My co-op experience at National Capital Limited (NCL) was an enriching and intellectually stimulating learning journey. Despite being new to the professional investment field, I was able to gain valuable exposure to real-world capital market operations, equity research, and portfolio management. This experience allowed me to apply academic knowledge in a professional setting while building both technical and interpersonal competencies that will serve me well in my future career.

During the internship, I was able to:

- Acquire hands-on experience in equity research, including building sector databases, conducting fundamental analysis, and preparing structured investment thesis.
- Gain practical exposure to portfolio management by supporting trade execution, portfolio rebalancing, and EDIS settlement operations.
- Work within a collaborative and intellectually stimulating environment that encouraged continuous learning and professional development grounded in value investing principles.
- Gain practical insight into how research-driven investment decisions are made within a regulated merchant banking environment, from initial idea generation through to final portfolio action.
- Develop a strong interest in investment management and capital market analysis, reinforcing my long-term career aspirations in the financial sector.

Overall, this internship provided a solid foundation in investment research and portfolio management practices. It deepened my understanding of Nepal's capital market ecosystem and inspired me to pursue excellence in financial analysis and long-term investment decision-making.

4.2 My Evaluation of the Work Experience

My internship at NCL has been an immensely positive and professionally rewarding experience. Although investment analysis and portfolio management were relatively new areas for me, I am very satisfied with the level of exposure, guidance, and mentorship I received throughout the internship period. The experience significantly strengthened my analytical skills, financial literacy, and professional adaptability

The hands-on work I was entrusted with – particularly in equity research, investment thesis preparation, trade execution, and EDIS processing – was genuinely meaningful and aligned with the real responsibilities of an investment analyst. The team environment was highly supportive and intellectually engaging, with senior professionals always willing to share insights and provide feedback despite their demanding schedules.

The internship reinforced my passion for value investing and fundamental analysis. Observing how NCL's investment philosophy, inspired by Warren Buffett and Charlie Munger, is applied in practice in Nepal's capital market context gave me a unique and practical perspective on long-term wealth creation. Overall, my time at NCL has been both professionally enriching and personally motivating, deepening my commitment to pursuing a career in investment management.

4.3 Limitations of My Co-Op Studies

During my internship at NCL, a few limitations affected the depth and breadth of my learning experience. The limitations I faced were:

- Limited Access to Advanced Tools: The heavy reliance on Excel-based analysis, with minimal exposure to professional financial platforms, restricted my ability to learn industry-standard analytical software commonly used in global investment management.
- Data Availability Constraints: Limited availability of timely and comprehensive financial disclosures from many listed companies in Nepal made it challenging to build fully complete research databases and conduct thorough fundamental analysis for all target companies.
- Time Constraint: The duration of the internship restricted my ability to follow complete investment cycles from initial research through to final investment decision-making, as some processes unfold over extended periods of months or quarters.

- Limited Exposure to Client Interaction: Although I supported portfolio management activities, my direct interaction with clients was minimal, limiting exposure to the relationship management and advisory communication aspects of the investment business.

Despite these limitations, the internship significantly enhanced my analytical capabilities, professional discipline, and understanding of how a value-driven investment firm operates within Nepal's evolving capital market landscape. The experience equipped me with a strong foundation for future growth in the investment profession.

4.4 Recommendations for the Company

Based on my experience, I would like to suggest the following improvements to enhance the learning experience of future co-op students at NCL:

- Structured Internship Plan: The company should provide interns with a clear work plan outlining their roles across research, portfolio management, and operations to ensure balanced learning exposure across all key areas of the business.
- Regular Progress Reviews and Mentorship: Implementing structured feedback sessions and mentorship meetings would help interns track their development, address challenges early, and build meaningful professional relationships with experienced analysts.
- Exposure to Professional Financial Tools: Providing interns with access to more advanced data platforms or financial software – even in a limited capacity – would enhance their technical skill development and better prepare them for industry-standard practices.
- Inclusion in Client Meetings and Presentations: Offering interns the opportunity to observe or assist in client interactions and investment committee presentations would enrich their understanding of how research translates into real advisory conversations and investment decisions.
- Clarity During Onboarding: Internship programs should begin with a structured orientation covering NCL's investment philosophy, regulatory environment, and operational processes, enabling interns to contribute meaningfully from an earlier stage.
- Access to Live Research Projects: Assigning interns to live investment research projects with clear deliverables would deepen their engagement and give them a stronger sense of ownership and contribution within the team.

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Appendices

Table 2: My Daily Work Update Diary

Week 1	Date	Day	Task Assigned
Day 1	5-Jan	Monday	Reading on Banking Sectors
Day 2	6-Jan	Tuesday	Research work on Standard Chartered Bank
Day 3	7-Jan	Wednesday	Preparation of Thesis on Standard Chartered Bank
Day 4	8-Jan	Thursday	Preparation of Thesis on Standard Chartered Bank
Day 5	9-Jan	Friday	Presentation of Thesis prepared on SCB

Week 2	Date	Day	Task Assigned
Day 1	12-Jan	Monday	Reading on Manufacturing Sectors
Day 2	13-Jan	Tuesday	Research work on Unilever Nepal Limited
Day 3	14-Jan	Wednesday	Preparation of Thesis on Unilever Nepal Limited
Day 4	15-Jan	Thursday	Holiday for Maghe Sankranti Occasion
Day 5	16-Jan	Friday	Presentation of Thesis prepared on UNL.

Week 3	Date	Day	Task Assigned
Day 1	19-Jan	Monday	Sonam Lhosar Holiday
Day 2	20-Jan	Tuesday	Research work on Upper Solu Hydroelectric Company Limited
Day 3	21-Jan	Wednesday	Preparation of Thesis on Upper Solu Hydroelectric Company Limited
Day 4	22-Jan	Thursday	Preparation of Thesis on Upper Solu Hydroelectric Company Limited
Day 5	23-Jan	Friday	Presentation of Thesis prepared on USHEC

Week 4	Date	Day	Task Assigned
Day 1	26-Jan	Monday	Reading on Manufacturing Sectors
Day 2	27-Jan	Tuesday	Research work on Shivam Cement Limited
Day 3	28-Jan	Wednesday	Preparation of Thesis on Shivam Cement Limited
Day 4	29-Jan	Thursday	Preparation of Thesis on Shivam Cement Company Limited
Day 5	30-Jan	Friday	Presentation of Thesis prepared on Shivam Cement Company Limited

Week 5	Date	Day	Task Assigned
Day 1	2-Feb	Monday	Preparation of basic framework for database for Hydropower Companies
Day 2	3-Feb	Tuesday	Research for preparation of database for Hydropower Companies
Day 3	4-Feb	Wednesday	Preparation of database for Hydropower Companies
Day 4	5-Feb	Thursday	Preparation of database for Hydropower Companies
Day 5	6-Feb	Friday	Finalizing database and reporting

Week 6	Date	Day	Task Assigned
Day 1	9-Feb	Monday	Revising Database and merging new database with previous data
Day 2	10-Feb	Tuesday	Preparing details of each hydropower companies in word document such as number of projects, trailing revenue, expected revenue, current P/E, Forward P/E.
Day 3	11-Feb	Wednesday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list of first 10 hydropower.
Day 4	12-Feb	Thursday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 10 hydropowers.
Day 5	13-Feb	Friday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 10 hydropowers.

Week 7	Date	Day	Task Assigned
Day 1	16-Feb	Monday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 10 hydropowers.
Day 2	17-Feb	Tuesday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 10 hydropowers.
Day 3	18-Feb	Wednesday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 10 hydropowers.
Day 4	19-Feb	Thursday	National Democracy Day
Day 5	20-Feb	Friday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 10 hydropowers.

Week 8	Date	Day	Task Assigned

Day 1	23-Feb	Monday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 10 hydropowers.
Day 2	24-Feb	Tuesday	Preparing details of each hydropower in word and classifying them into deep dive, checklist, and rejection list another 3 hydropowers.
Day 3	25-Feb	Wednesday	Finalizing and reporting the detail word document of 93 hydropower companies.
Day 4	26-Feb	Thursday	Reading of Buffet Annual report 1985 and 1986.
Day 5	27-Feb	Friday	Remaining reading and discussion on annual Berkshire Hathaway Letter.

Week 9	Date	Day	Task Assigned
Day 1	2-Mar	Monday	Analyzing banks and its loan exposure in hydropower companies
Day 2	3-Mar	Tuesday	Analyzing banks and its loan exposure in hydropower companies
Day 3	4-Mar	Wednesday	Analyzing banks and its loan exposure in hydropower companies
Day 4	5-Mar	Thursday	Analyzing banks and its loan exposure in hydropower companies
Day 5	6-Mar	Friday	Reporting the research and feedback session.

Week 10	Date	Day	Task Assigned
Day 1	9-Mar	Monday	Reading of How Finance Work Book by Mihir A. Desai under the guidance of Senior Analyst
Day 2	10-Mar	Tuesday	Reading of How Finance Work Book by Mihir A. Desai under the guidance of Senior Analyst
Day 3	11-Mar	Wednesday	Reading of How Finance Work Book by Mihir A. Desai under the guidance of Senior Analyst
Day 4	12-Mar	Thursday	Reading of How Finance Work Book by Mihir A. Desai under the guidance of Senior Analyst
Day 5	13-Mar	Friday	Discussion on core learning and findings from the book

Week 11	Date	Day	Task Assigned
Day 1	16-Mar	Monday	Started Deep Dive and Research on Hydropower Companies from deep dive list

Day 2	17-Mar	Tuesday	Full day reading of annual report of Peoples Hydropower Company Limited
Day 3	18-Mar	Wednesday	Full day reading of annual report of Peoples Hydropower Company Limited
Day 4	19-Mar	Thursday	Analyzing data and building financial modelling of Peoples Hydropower Company Limited
Day 5	20-Mar	Friday	Analyzing data and building financial modelling of Peoples Hydropower Company Limited

Week 12	Date	Day	Task Assigned
Day 1	23-Mar	Monday	Presentation and Feedback incorporating of Peoples Hydropower Company Limited
Day 2	24-Mar	Tuesday	Full day reading of annual report of Himal Dolakha Hydropower Company Limited
Day 3	25-Mar	Wednesday	Full day reading of annual report of Himal Dolakha Hydropower Company Limited
Day 4	26-Mar	Thursday	Analyzing data and building financial modelling of Himal Dolakha Hydropower Company Limited
Day 5	27-Mar	Friday	Analyzing data and building financial modelling of Himal Dolakha Hydropower Company Limited

Week 13	Date	Day	Task Assigned
Day 1	30-Mar	Monday	Presentation and Feedback incorporating of Himal Dolakha Hydropower Company Limited
Day 2	31-Mar	Tuesday	Full day reading of annual report of API Hydropower Company Limited
Day 3	1-Apr	Wednesday	Full day reading of annual report of API Hydropower Company Limited
Day 4	2-Apr	Thursday	Analyzing data and building financial modelling of API Hydropower Company Limited
Day 5	3-Apr	Friday	Analyzing data and building financial modelling of API Hydropower Company Limited

Week 14	Date	Day	Task Assigned
Day 1	6-Apr	Monday	Government of Nepal declared nationwide public holiday
Day 2	7-Apr	Tuesday	Presentation and Feedback incorporating of API Hydropower Company Limited
Day 3	8-Apr	Wednesday	Reading letter of Mentors on How Different companies maintain different margin.

Day 4	9-Apr	Thursday	Reading letter of Mentors on How Different companies maintain different margin.
Day 5	10-Apr	Friday	Summarizing the learnings and discussion on it

Week 15	Date	Day	Task Assigned
Day 1	13-Apr	Monday	Reading on Buffet Letter 1987
Day 2	14-Apr	Tuesday	Nepali New Year
Day 3	15-Apr	Wednesday	Discussion on Buffet Letter 1987
Day 4	16-Apr	Thursday	Deep Dive Research on Ingwa Hydropower Company Limited
Day 5	17-Apr	Friday	Deep Dive Research on Ingwa Hydropower Company Limited

Week 16	Date	Day	Task Assigned
Day 1	20-Apr	Monday	Financial Modelling and Forecasting
Day 2	21-Apr	Tuesday	Valuation and Presentation
Day 3	22-Apr	Wednesday	Allocating capital for clients
Day 4	23-Apr	Thursday	Allocating capital for clients
Day 5	24-Apr	Friday	Allocating capital for clients

Photo Gallery

Figure 5: Receiving Internship Completion Certificate from CEO, Mr. Arpan Khanal.

Figure 6: Photo session with Mr. Arpan Khanal (CEO), Mrs. Shraddha Pant (CIO), and Bishesh Amatya (Investment Analyst) inside the office.

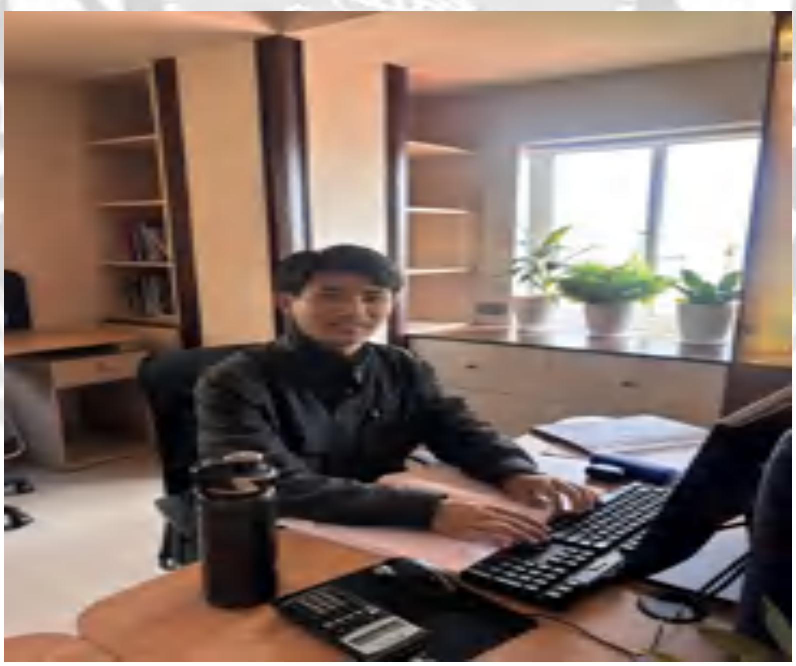

Figure 7: In my working space.

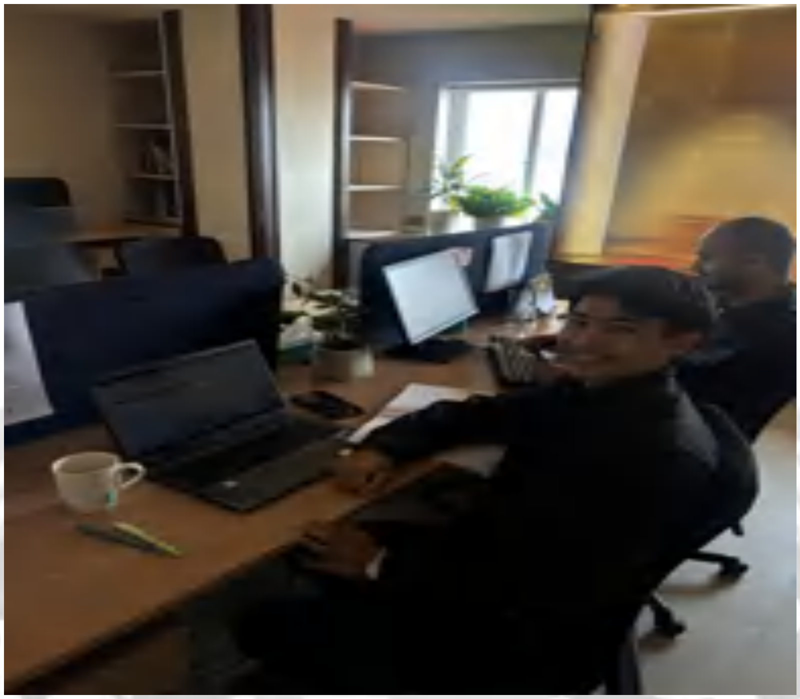

Figure 8: Working beside a senior Analyst.

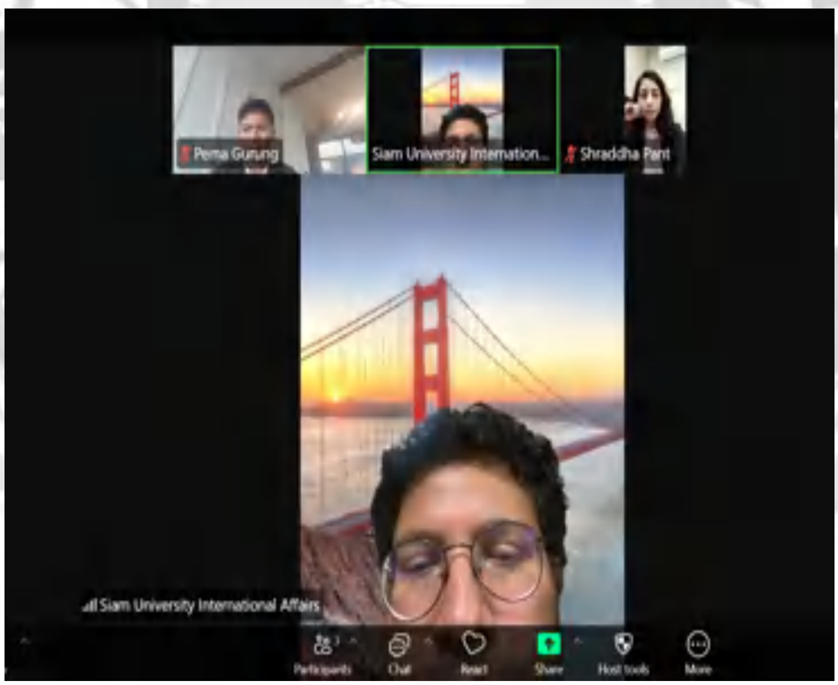

Figure 9: During my Presentation with the Academic Supervisor, Raj Sankrit Sir and Job Supervisor, Shraddha Mam.